Values-Based Hiring

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Values-Based Hiring

Introduction

Hiring the right people is a critical activity for every organization seeking to be successful. Many companies focus on skills, experience and aptitude as the answer to the challenge. However, experience shows that even if you identify candidates who rank high in these categories, there is no guarantee of success.

A "bad hire" has tremendous costs associated with it including advertising, application screening, phone interviewing, face-to-face interviewing, the on-boarding process and training – not to mention low productivity and missed opportunity if you hired the wrong person.

The costs are in the thousands for a lower level hire and in the tens of thousands for a senior manager if you are using an executive search firm. This paper proposes that values-based hiring is the key to reducing the chances of a "bad hire" and reducing the overall costs associated with hiring great people.

Personal Background

My experience with hiring comes from multiple perspectives. As a general manager and senior operations manager, I have been on the interviewing and decision-making end of the equation. In this role, I have experience in both the for-profit and non-profit sectors. Additionally, I have served as a consultant and employee and been responsible for the design and roll out of a recruiting, interviewing and hiring process.

I have used and interpreted tools such as the DISC Test, Highlands Ability Battery and 360 reviews and been involved in coaching and employee development. As a lean, six sigma practitioner, I have also focused on taking waste out of the process and reducing variation in the results in the areas of evaluation and hiring. I have presented this material to Presidents and CEOs in a roundtable/forum setting.

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Topic Background

The current job market – Is it flooded or are qualified candidates scarce? – has an important impact on your approach. Understanding your company's values and culture are critical to the hiring of great employees in either situation. While the level of the new hire requires that you tailor your approach, a standard process for the managers who interview and make the hiring decisions is critical. All of these topics and more are essential to the hiring and success of great team members.

Important Foundations

Organizational Values

As fundamental as this is, many companies cannot define their culture. As one expert says, "the values are merely a tag line" rather than the core motivation which drives the company to do what it does. Patrick Lencioni, in his book The Advantage, defines three types of values within an organization:

- "Core values" are the two or three behavioral traits which already exist that lie at the heart of the organization's identity and never change.

- "Aspirational values" are those characteristics that an organization wants to have and believes it needs in order to develop but they do not exist or are in an immature state.

- "Permission-to-play values" are those minimum behavioral standards required within the organization.

In most organizations, there is a great "blur between the lines" of these values and managers cannot tell you specifically where the company stands. There is simply a general feel for what is important in the organization. Knowing your values and culture is the first hurdle in improving the hiring process.

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Organizational Culture

Culture is a learned way of life shared by a group of people. It is an environment which someone can reinforce or tear down. Some examples of characteristics of company cultures would be:

- We're just all "self-starters" and take the initiative.

- We are quick to cross our functional department lines to help.

- We all hold the view that good customer service means problems are avoided but if they happen they are resolved quickly. The customer must leave satisfied.

- Persistence and a "desire to win" pretty much defines who we are.

- We're committed to following our processes and suggesting continual improvements.

Knowing your values and your culture and knowing what you are looking for in a candidate is a big part of excellent hiring.

The Job Market Profile

Within any job market – lean or flooded - the goal is to find quality candidates with the necessary skills and have a process which gives you the top candidates as early as possible. But in a flooded market, there is the added goal of not being inundated with unqualified resumes to review. In the lean market the goal is to attract a sufficient number of qualified candidates to review. How you advertise has a significant impact on who applies.

The "Level" of the Position

The qualities and skills you seek in a senior manager are significantly different than those of a team member in the "production" area of the organization. When hiring a senior manager, you must be sure they are

on board and have indications that they already have the organization's core values.

Failure to do so will introduce a double message to those who will report to this manager and result in inefficiencies and conflict. Contradictory values will tear at the core of organizational health. As Lencioni says, "The health of an organization provides the context for strategy, finance, marketing, technology and everything else that happens within it, which is why it is the single greatest factor in determining and organization's success."

The Employee Contribution Grid

The employee contribution grid is a four quadrant representation of the key elements every employee has the potential to bring to an organization. They are skills, experience, aptitude and culture fit. Depending on whether you are hiring for growth potential or immediate contribution, the profile of a candidate will be different. It is the view of this writer that character traits and innate aptitude are items that are ingrained over much time or are traits from birth which do not change.

A person born with mathematical aptitude will always have that aptitude. <u>The most valuable employee to an organization will be one who has a high level of the skills and experience needed for the position but also has the natural aptitude for growth combined with the values held in the organization's culture.</u>

Because culture is not taken into account, many companies seek the below profile in the hiring process.

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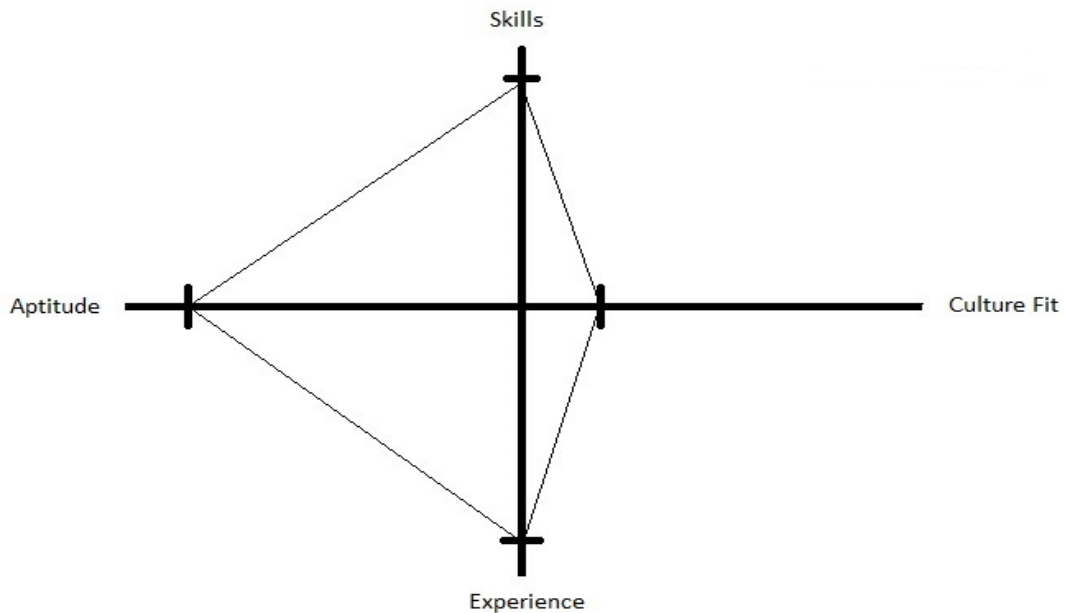
Many companies do not even concern themselves with aptitude so the surface area representing the value of the new hire to the organization is even smaller than that shown above. The key point to this illustration is that many organizations' focus is primarily on skills and experience.

The illustration below represents a good, lower cost hire with great potential for growth and adding value to a company.
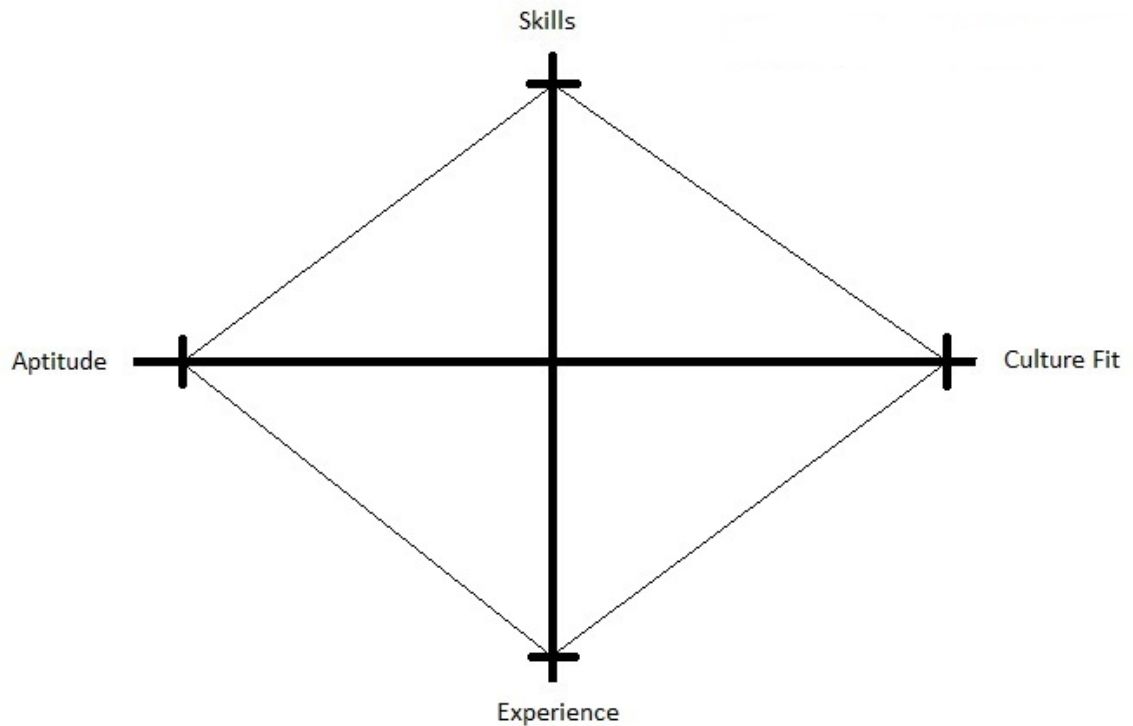
Values-Based Hiring
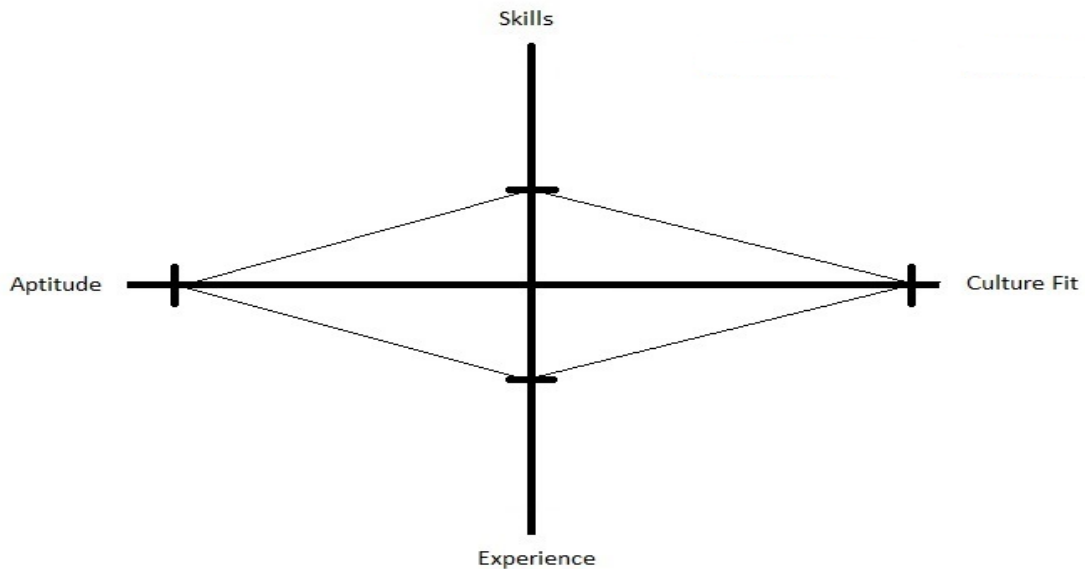
This applicant may not have the skills and experience but the qualities which are inborn or take a significant time to develop are present. Skills and experience - especially in your unique company environment - can be gained over a fairly short period of time.

The two horizontal poles in this coordinate system are far more ingrained. If a person does not have the aptitude for a position, it is like trying fit the proverbial square peg in a round hole. For example, if a position necessitated an ability to organize things and concepts and the person is unable to arrange ideas information or things in a logical order, he would be a very poor candidate for the position.

Likewise, on the cultural fit side of the scale, if a person values an environment that depends on individual performance and your environment requires teamwork, that kind of change will be far more difficult to make and take a significant amount of time. Said another way, consider how long it takes to change what is truly important to a person.

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A good, high cost and high value candidate will have the greatest surface area in the grid and will score high in every category. This candidate will be able to add value very quickly and build up the organization rather than tear it down by going in a different direction.

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The Hiring Process – A Framework

The following process is a recommended framework for recruiting, interviewing and hiring candidates who are a good fit for your organization. The framework includes:

- Clearly defined job descriptions

- Self-eliminating job ads

- Application Questionnaire – skills, experience and values

- Hiring Team (At least two managers)

- First Cut Review and Second Cut Review

- Behavioral Interviewing Packet

- Hiring Team Phone Interview

- Face-to-Face with the top three

Clearly Defined Job Descriptions

A good job description contains several key elements: job title, supervisor's position, job description and purpose, key responsibilities and essential functions, key measurements (quantifiable- by which success will be measured) and key skills/abilities/competencies.   The skills/abilities and competencies along with the purpose for this position are at the core of our subject. These are vital as we speak to the topic of behavioral interviewing.

A great resource which is useful for defining position competencies and developing competencies in employees is For Your Improvement by Michael Lombardo and Richard Eichinger. It contains sixty-seven competencies needed in the workplace and provides a description of weak, balanced and over-use of each competency. It also offers resources to aid employees in their development. Knowing the competencies for a position will guide the questions asked in an interview.

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Self-eliminating Job Advertisements

Values-based advertisements will attract applicants which hold to your values and repel those who do not. Stating your values up front sends a clear message about their importance in your organization and will deliver more qualified candidates earlier in the process; candidates who are more suited for your position than other approaches.

For example, "Excel in a company with GREAT values! We are seeking highly ethical, team oriented people who have a passion for excellence and love to help people through consultative selling…" This ad will turn away sales people who rely on techniques and manipulation and are all about their own personal gain. Whatever your values, state them up front in your ads. Advertisements such as these will yield candidates who are further to the right on the cultural fit axis of the employee contribution grid.

Application Questionnaire

This is the second tool for eliminating candidates who may have the skills but do not hold to the values of your organization. The questionnaire is used to gather standard application information – education, work history, references – all of which identify basic skills and experience. Using behavioral interviewing questions in the questionnaire enables you to "see" into the applicant's values.

Behavioral interviewing says that past behavior and performance is the most solid indicator of future performance. Questions in this application allow you to identify skills and behavioral tendencies because the candidate provides answers about how they handled previous work and life situations. The questionnaire saves time by allowing you to eliminate people who do have displayed behaviors and performance which are not a cultural fit. It has another self-eliminating factor in that it takes time to complete a questionnaire and only those who are serious will make the effort.

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The Hiring Team

Hiring teams should be made of one experienced hiring manager and one or two inexperienced, junior managers. This is an investment not only in your junior managers but in your organization. Many managers are not skilled at hiring new workers and investing at this point develops bench strength in your management team and also facilitates the maintenance of organizational health. It makes it more likely that candidates which the now junior managers hire in the future will fit the company culture and exhibit the skills needed for the job.

First and Second Cut Reviews

Large companies and/or companies which hire a significant number of employees annually use computers to screen electronic copies of resumes for key words to weed out candidates. This technique is largely focused on skills and experience and is used to eliminate applicants. This process looks for skills and experience which is important but it is not able to determine organizational fit.

Screening for key words is not a bad practice. It simply should be done after the most important criterion is satisfied. For readers who have not been exposed to this approach, consider visiting www.wordle.net. Copy and paste your resume or job description into the space provided on the website and it will create a "word cloud" which highlights the most frequently used words in your document. Below is an example of a word cloud from a posted job description:

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This proposed approach would only consider using key word screening after a first and second cut review. The first cut review is one in which every manager on the hiring team reads through the questionnaires and selects candidates they feel are a cultural fit and skills/experience fit. Each manger on the hiring team now has their "first cut" candidates.

The second cut comes as the managers meet and compare the candidates they have selected. Candidates who were not chosen by all are reviewed to make sure that a good candidate was not overlooked by the team. After presenting and including or eliminating these candidates, the remaining are ranked by the team in order of preference. HR is notified of the candidates not selected and they are sent a kindly worded rejection email.

Behavioral Interviewing Packet

A behavioral interviewing packet is designed around the organization's culture and values and general skills required for the position. Where specific skills are needed – sales for example – a supplemental attachment can be added to the basic package. As a reminder, behavioral interviewing says that past performance is the most solid indicator of future performance.

The key to creating a behavioral interviewing packet is the development of questions which ask the candidate to recount a life experience which would exhibit the skill or value you are seeking. They generally begin with a phrase like, "Tell me about a time when you…"

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These questions need to cover both the skills and values you are seeking. A skills question might be, "Tell me about a time when you used a financial modeling tool to create a budget in your company." Some categories of questions you might include in an interviewing packet are:

- **Functional / Technical Skills** (Look for evidence of the skills needed for the position.)

- **Work Ethic – Drive for Results** (Look for personal drive for excellence and excellent effort.)

- **Values - Integrity and Moral Ethics** (Look for commitment to doing what is right and fair. Their word is their bond.)

- **Keeping Commitments – Accountability** (Look for personal accountability and holding others accountable to their commitments)

- **Caring for Customers and Team** (Look for characteristic of meeting needs of others over self-serving focus)

- **Innovation** (Look for initiative and creativity; offering of new ideas and methods)

- **Organization / Process Management** (Look for ability to organize work and follow company procedures.)

You will note the verbiage in parenthesis behind each category. These are reminders to the interviewing managers of the underlying skill or trait they are listening for in the answers.

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The Hiring Team Phone Interview

Armed with the behavioral interviewing packet, the hiring team is prepared for the phone interviews. It is recommended that two managers conduct the phone interviews and that they alternate who will ask a question out of each section. This allows for time to take notes and think of follow up questions for clarification if an answer isn't clear. Below is an example of a question and a ranking system used by each interviewing manager:

Can you think of anything you have been asked to do in the past that you did not feel right about? How did you react? What was the result? Have you ever had to suffer consequences for taking a moral stand on an issue?

(Circle One)

Little Evidence	Some Evidence	Strong Evidence	Not Evidenced

At the end of the phone interviews, the hiring managers rank the candidates in the matrix shown in the next section and select the top three for face-to-face interviews.

The Hiring Team Face-to-Face Interview

Face-to-Face interviews are conducted much the same way as the phone interviews. Hiring managers will select questions they will ask prior to the meetings. <u>The same interviewing packet will be used for the face-to-face interviews as was used for the phone interviews.</u> This allows the managers to see the notes they made and probe further on answers which were weak or unclear.

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Upon completion of each face-to-face interview, the following matrix is in each hiring packet and is completed for each candidate. (It is completed after the phone interviews as well and aids in the selection of candidates for the face-to-face interviews.

Mission Critical?	Competencies Characteristics		Little Evidence	Some Evidence	Strong Evidence	Not Addressed
	Communication / Interpersonal Skills	Phone				
		F 2 F				
	Functional/Tech Skills	Phone				
		F 2 F				
	Work Ethic / Results Oriented	Phone				
		F 2 F				
	Values - Integrity/Moral Ethics	Phone				
		F 2 F				
	Keeping Commitments / Accountability	Phone				
		F 2 F				
	Caring for Customers and Team	Phone				
		F 2 F				
	Innovation	Phone				
		F 2 F				
	Hiring / Staffing	Phone				
		F 2 F				
	Organization and Process Management	Phone				
		F 2 F				

✓ = Mission Critical Competency

The above matrix is an example. You will have your own competencies and characteristics that are important to your organization's culture.

Conclusion

The importance of cultural fit to organizational health cannot be overstated. Cultural fit is not to be confused with "sameness" because diversity brings a richness and depth to an organization. But hiring a person with the same core values builds up an organization and strengthens the operation and delivery of products or services to customers – both internal and external.

This model is offered as a draft framework to assist you in building a hiring model that best suits your organization.